



Leadership is our business

**Associated Industries of Massachusetts**

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July 21, 2014

The Honorable Janet L. Sanders  
c/o Antitrust Division  
Office of the Attorney General  
One Ashburton Place  
Boston, MA 02108

Re: *Commonwealth of Massachusetts v. Partners HealthCare System, Inc., South Shore Health and Educational Corp., and Hallmark Health Corp.*, Superior Court Civil Action No. 14-2033-BLS

I am writing to you about the proposed acquisition by Partners HealthCare of three eastern Massachusetts hospital systems. According to comment provided to you by the Health Policy Commission, this transaction would cause increases in medical spending that would far exceed any potential savings. The Commission argues that the findings from its market impact reports are not fully encompassed in the consent judgment reached between Partners HealthCare and your office.

The Commission concludes that total medical spending in the state would increase by more than \$39 million to \$49 million per year as a result of unit price increases and shifts in care to higher-priced Partners facilities. The shift would increase baseline prices, particularly in the northern area of the state. The acquisition would also provide additional bargaining leverage for Partners to negotiate higher prices with insurance companies. These increases would be in addition to baseline cost increases.

The Health Policy Commission's comment rightly points out that per-capita health care spending in Massachusetts is the highest of any state in the country, posing a burden on the state's economy. Health care spending growth during the past decade has been driven by the growth of money paid to higher priced teaching hospitals that account for a greater proportion of patient treatment. In 2014, it is projected that the top five health care systems in Massachusetts will account for 56 percent of commercial discharges. That share would increase to 61 percent following the Partners acquisition of South Shore Hospital and Hallmark Health System.

AIM believes that close scrutiny must be given to transactions that will permanently alter the shape of the health care system if the state is to be successful in reducing health care costs. The Health Policy Commission's comments point out legitimate concerns that warrant further review before this transaction is approved and allowed to move forward.

Sincerely,

A handwritten signature in blue ink that reads "Richard C. Lord". The signature is fluid and cursive, with the first name "Richard" and last name "Lord" clearly legible.

Richard C. Lord  
President and CEO